



Annual Governance Statement 2020/21

DRAFT

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1. Executive Summary

The Leader of the Council and Chief Executive recognise the importance of having appropriate processes and controls in place to run the Council and ensure its services are delivered effectively.

The Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. The Council's Audit Sub-Committee review the production of the AGS and considers and scrutinises the content.

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Building a Better Bromley' contains the guiding principles for Bromley Council, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley

[Building a Better Bromley](#)

Bromley's governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled, and the activities through which it accounts to, engages with and leads its community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bromley's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromley for the year ended 31st March 2021 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

With substantial additional savings to be made over the next four years, the financial situation continues to drive the future direction and work of the Council.

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified a number of areas for improvement.

Progress made in dealing with the governance issues identified in the 2019/20 Annual Governance Statement is detailed on pages 20 to 23.

Three areas, detailed overleaf, have been identified as requiring further work during 2021/22:

Governance Issue	Action	Lead Officer
<p>Finance</p> <p>A potential balanced budget for the next two years has been achieved through the Transformation Savings Programme, an improved financial settlement from Government and continuing with prudent financial management, but there remains a “budget gap” of £2.5m in 2023/24 rising to £14.1m per annum in 2024/25. The projections assume mitigation and transformation savings of £16.3m in 2021/22 rising to £40.3m by 2024/25. The projections from 2022/23 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2022/23 – the outcome, including the impact on individual councils, is still awaited. The Government has provided funding support to address the impact of the Covid 19 pandemic, but uncertainty remains on the medium and longer term impact from the ‘new normal’.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25</p>	<p>Director of Finance</p>
<p>Valuation of Fixed Assets</p> <p>Issues have been identified relating to the methodologies used for accounting and the valuation of fixed assets for reporting in the Council’s 2019/20 Statement of Accounts.</p>	<p>Work will be required to ensure that Fixed Assets are accounted for in full compliance with the CIPFA Code of Practice in Local Authority Accounting, specifically:</p> <ul style="list-style-type: none"> • Asset Valuations are fully supported and are undertaken in line with the requirements of the CIPFA Code • Depreciation and Impairment are properly calculated and appropriately applied to relevant asset categories • Furniture and Equipment Assets are properly identified and valued on an ongoing basis 	<p>Assistant Director, Strategic Property</p>

Ongoing impact of COVID-19 pandemic on service delivery

Despite the many challenges presented by the COVID-19 pandemic, the Council has delivered some key achievements through our COVID-19 response programmes and our business-as-usual work, including a balanced budget for 2021/22.

The pandemic has highlighted a number of long-term challenges that we will need to continue to address. In particular, we will continue to face ongoing cost pressures on the organisation which will need to be locally managed, particularly with regard to social care provision and our ongoing local contact tracing response.

However, there are also a number of potential opportunities for greater partnership working, particularly with the voluntary and community sector, that will form part of our recovery planning approach.

Our work this year will be critical not only for our ongoing response to the pandemic supporting Bromley's residents, but also our commitment to the delivery of the Transformation Programme, as well as managing growth and delivering budget mitigations as part of our long-term financial management strategy.

The Council will continue its ongoing work to support the COVID-19 response:

- Continued lateral flow testing offer in line with local requirements
- Bromley's mass vaccination centre at the Civic Centre site will run until at least September 2021, with a maximum potential vaccination rate of 1300 residents per day
- Ongoing local contact tracing in close partnership with the national scheme
- Preparing agile and ready-to-implement testing plans if surge testing is required in the borough
- Close monitoring of hospital discharges and any longer term potential pressure on adult social care capacity due to Covid-19 pressures
- Prudent financial management of COVID-19 grants distributed by the local authority
- Appropriate enforcement measures through the Public Protection service to ensure compliance with COVID-19 legislation
- Determining the longer-term approach to working with the voluntary and community sector, including the retention and engagement of the 4500 volunteers who registered with the Council to support the COVID-19 response
- Supporting the longer-term economic recovery of the borough
- Ongoing partnership working through the Borough Partnership Forum to ensure a co-ordinated and mutually supportive local area response across all agencies

Some of our key organisational priorities for 2021/22 include:

- Delivering the new Council's intranet site for our staff and launching Bromley's Digital Roadmap
- Relaunching the new 'Building a Better Bromley' Corporate Plan later this year, which will articulate key priorities for the Council over the next five years.
- Delivering the £10 million investment in new housing to boost our housing supply and tackle homelessness
- Our ongoing operational property review to determine the future of the Civic Centre site and satellite offices
- Successful rollout of the 2021 GLA elections
- Continuing our ongoing staff wellbeing engagement work, including addressing

Chief Executive and Corporate Leadership Team

	<p>the findings of the second Staff Wellbeing Survey</p> <ul style="list-style-type: none"> • Reviewing the progress of the Transforming Bromley programme at the mid-way point and identifying future transformation priorities to be delivered by 2023. <p>To achieve the identified transformation and mitigation savings set out the 2021/22 budget, the Chief Executive’s leadership team have agreed the following monitoring activity:</p> <ul style="list-style-type: none"> • Regular ‘Are We On Track’ monthly assessments through departmental meetings to determine whether we are on course to deliver the projections • Monthly overview discussion of transformation/mitigation savings and financial impact of COVID-19 at Transformation Board • Bi-monthly ‘hot spot’ monitoring will continue • Full quarterly financial monitoring reports will be undertaken quarterly as at present. 	
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3. What is Corporate Governance?

3.1 Definition

The CIPFA International Framework ‘Good Governance in the Public Sector’ defines governance as:-

‘The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved’

It also states that:-

‘To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times’

‘Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders’

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

Bromley Council recognises that:

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

3.2 The Principles

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
How we do this
<ul style="list-style-type: none"> • Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
<ul style="list-style-type: none"> • Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one’s office
<ul style="list-style-type: none"> • Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively
<ul style="list-style-type: none"> • Adherence to ethical values and respect for the rule of law
<ul style="list-style-type: none"> • Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities

Principle B – Ensuring openness and comprehensive stakeholder engagement
How we do this
<ul style="list-style-type: none"> • Ensuring transparency of decisions supported by an effective scrutiny and challenge process
<ul style="list-style-type: none"> • Consulting with residents during the budget setting process for 2021/22 and beyond
<ul style="list-style-type: none"> • Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
<ul style="list-style-type: none"> • Ensuring a clear, evidence based, decision making path

Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits

How we do this

- Having a clear vision and strategy, with key partner organisations through ‘Building a Better Bromley’
- Delivering defined, sustainable outcomes within the limits of resources and authority
- Balancing competing demands with finite resources when determining priorities; managing service users’ expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation’s vision and short term factors such as financial constraints

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

How we do this

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users
- Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
- Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals

How we do this

- Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
- Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
- Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
- Supporting the workforce to maintain their health and wellbeing

Principle F – Managing risks and performance through robust internal control and strong public financial management

How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

How we do this

- Publishing information on our activities and decisions
- Maintaining a rigorous, effective and transparent decision making and scrutiny process
- Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
- Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
- Maintaining an effective internal and external audit service, with direct access to Members

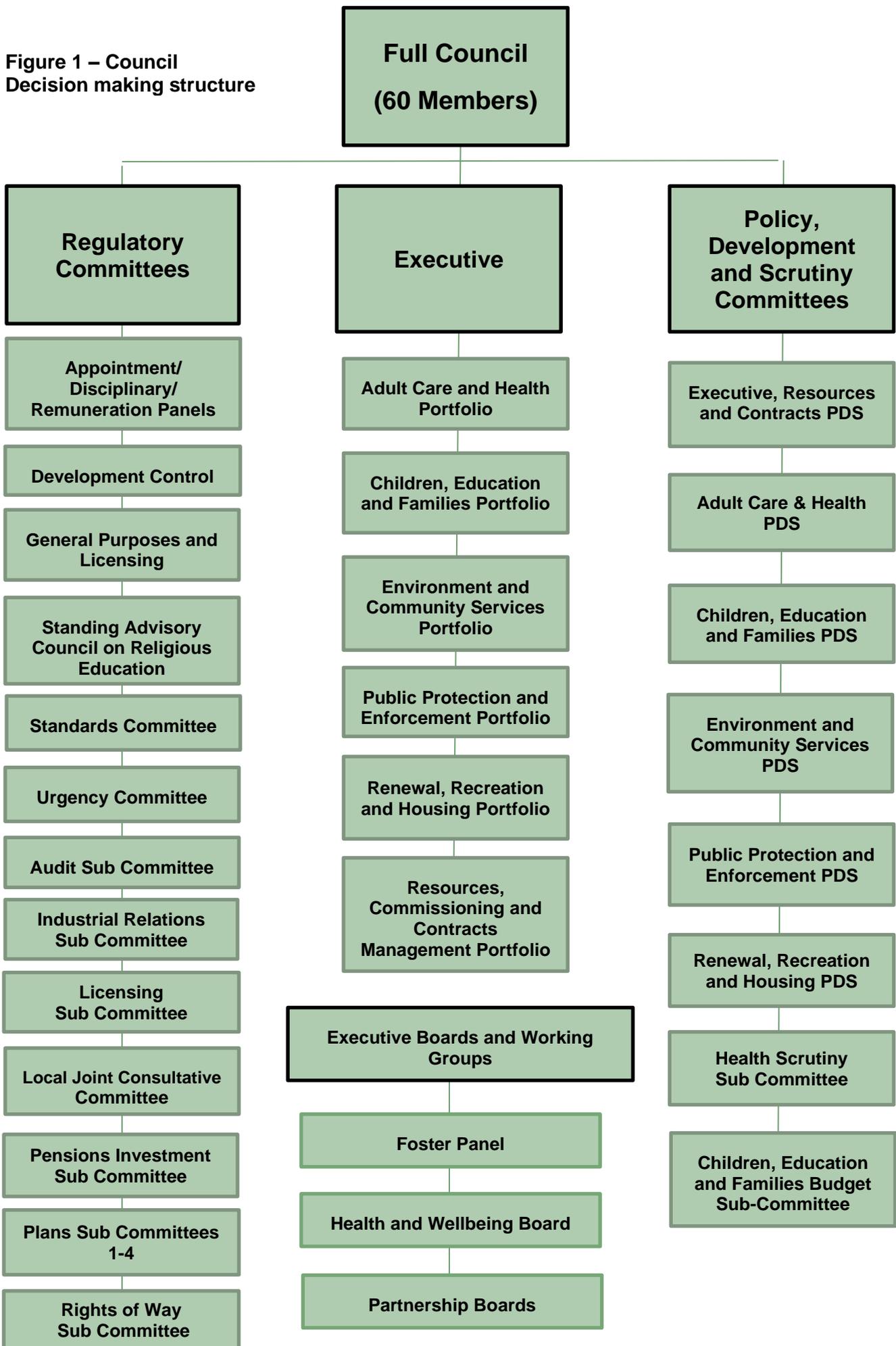
4. The Council: How it Works

This Annual Governance Statement covers the period 1st April 2020 to 31st March 2021, but it should remain up to date until the accounts are approved and audited.

The Council is made up of 60 Councillors with the decision making structure divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which includes the Leader and six Councillors with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee and the General Purposes and Licensing Committee.

The established decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



5. COVID-19: Amendments to the Governance Process

5.1 Democratic Principles

In response to the Covid 19 pandemic, the Council considered as a matter of urgency a number of amendments to its governance processes in order to ensure that effective decision making could continue whilst democratic accountability was preserved during the coronavirus pandemic.

The measures were designed to help the Council redeploy its resources to deal with the pandemic and ensure essential business continued whilst upholding democratic principles and protecting the health and safety of Members, officers and the public, in line with official public health guidance.

This included:

- ▶ The rules and protocols for virtual meetings
- ▶ The programme of meetings was suspended with the exception of Executive, Resources and Contracts PDS Committee, Development Control Committee, Planning Sub-Committees and Licensing Sub-Committee meetings
- ▶ The Chief Executive with the agreement of the Mayor and the Leader was authorised to reinstate the meeting programme as soon as possible
- ▶ During the period that the meeting programme was suspended, the Mayor or the Chairman of a relevant committee or sub-committee could require that a meeting of Council or a relevant committee is called
- ▶ Where a non-executive matter (save for a licensing or planning decision) was not reserved to Members, the Chief Executive with the agreement of the Mayor or the relevant committee Chairman could make that decision
- ▶ Attendance at a virtual meeting would count towards attendance under the 6 month rule
- ▶ There would be a regular review of the arrangements as and when the advice/approach from the Government changes

The meeting programme has been gradually re-instated with meetings taking place virtually using Webex and live-streamed for the public on Youtube via the Council website.

5.2 Procurement Process

In March 2020, the Cabinet Officer issued Procurement Policy Note (PPN) 01/20, followed shortly thereafter by PPN 02/20. Both provided guidance to contracting authorities (which includes local authorities) on procurement action that could be taken in response to the Covid 19 pandemic.

PPN 01/20 largely reminded contracting authorities of existing flexibilities within the Public Contract Regulations 2015, including the ability to directly award contracts, to utilise existing framework (or similar) agreements, to apply accelerated procedures or to extend or modify existing contracts.

PPN 02/20 set out principles for provider support during the pandemic, including relaxation of contractual requirements, continuity funding arrangements or additional funding.

In both cases, Bromley Council had anticipated the potential procurement issues raised by the pandemic and had prepared policy and guidance consistent with, and endorsed by, the Cabinet Office guidance. A formal decision was taken by the Leader in April 2020 on the policy and process, which included granting delegated authority for a six month period to Chief Officers (in Agreement with the Portfolio Holder as required) to take suitable procurement action in response to the pandemic. Where

a proposed action resulted in additional expenditure over £100k, this would continue to be a Member decision, as set out in the Special Meeting of Executive on 19th March 2020.

Consideration of alternative procurement action – primarily extending contracts beyond term to avoid the capacity, resource and cost issues that would arise from implementing a tender during the period of disruption caused by the pandemic – was overseen by the Procurement Board. Where required, all decisions taken were reported to Audit Sub-Committee in the usual way. Members also continued to receive the quarterly Contract Register reports which updated them on the status of all contracts with a value higher than £50k.

In December 2020, the Leader extended the period of delegated authority to take suitable alternative procurement action for a further six months.

6. Outcomes and Value for Money

6.1 Building a Better Bromley

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self-reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

Bromley aims to create an environment where children and young people can be successful: supporting people into work; offering advice and signposting to self-help solutions, and working with partners to minimise crime and antisocial behaviour.

Bromley recognises that this activity cannot be done in isolation, so will continue strong support for the voluntary sector as well as working closely with outside bodies in the private and public sector.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley's achievements over the past year and plans for the future are reported in the Leader's Foreword and Statement of Accounts.

6.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder's aims in the current year and the supporting performance targets, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the Members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned to the priorities identified in Building a Better Bromley. In addition, the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community's needs, agree priorities and encourage commissioners to work in a more joined up way

[Adult Care and Health Portfolio Plan 2018-22, 2020/21 Refresh](#)

[Children, Education and Families Portfolio Plan 2020/21](#)

[Housing, Regeneration and Planning Portfolio Plan, 2020/21 Refresh](#)

[Environment and Community Services Portfolio Plan 2020/21](#)

[Public Protection and Enforcement Portfolio Plan 2020/21](#)

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

[Adult, Care and Health Portfolio Plan 2018/2022 - Quarter Three Update Covering Report \(March 2021\)](#)

[Adult, Care and Health Portfolio Plan 2020/21 Quarter Three Update \(March 2021\)](#)

[Children, Education and Families Portfolio Plan 2018/22 - Quarter Three Update 2020/21 Covering Report \(March 2021\)](#)

[Children, Education and Families Portfolio Plan 2018/22 - Quarter Three 2020/21 Update \(March 2021\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2020/21 Quarter Three Update Covering Report \(March 2021\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2020/21 - Quarter Three Update \(March 2021\)](#)

[Environment and Community Services Performance Overview \(March 2021\)](#)

[Public Protection and Enforcement Performance Overview \(March 2021\)](#)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

The Accounts and Audit Regulations (2015) require the Statement of Accounts to be considered and approved by resolution of a Committee or Full Council. Following approval, the Statement of Accounts must be signed and dated by the person presiding at the meeting at which that approval was given. Before the Committee is able to approve, the Director of Finance must re-confirm on behalf of the authority that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the authority at the end of the financial year and of the authority's income and expenditure for that year.

The Accounts and Audit Regulations were amended during 2020 in light of the Coronavirus pandemic, extending the deadline for publication of the draft accounts from 31st May to 31st August. The Regulations also extended the deadline for publication of the final audit accounts from 31st July to 30th November.

The Regulations have been further amended during 2021 with the deadlines for draft and final audited accounts set at 31st July and 30th September. These updated Regulations will apply for 2020/21 and 2021/22 and then be subject to a further review.

In relation to the Council's Statement of Accounts for 2018/19, an unqualified audit opinion was signed by the external auditor on 13 August 2020. The external auditor, EY, presented its audit findings to the General Purposes and Licensing Committee on 30th July 2020. The audit was substantially delayed owing to material mis-statements in the valuations used for the Council's fixed assets which required new valuations to be completed and significant adjustments to be made to the accounts, including a prior period adjustment.

In relation to the Council's Statement of Accounts for 2019/20, draft accounts were published on 30th June, with the external audit starting during August. Whilst good progress was made in most areas, there were delays in the provision of information to EY and in responding to auditor queries. Some delays occurred due to the Coronavirus pandemic, with officers working off site and documentation not being readily accessible in an electronic format (in some cases paper documents and records required bulk scanning). Most significantly, the audit revealed a number of errors in relation to the Council's accounting treatment of fixed assets. These have required significant work by officers to rectify and owing to this and other outstanding matters completion of the audit has been delayed to 2021.

Value For Money (VFM) Conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

For 2018/19 the Council's external auditor stated that it would not be able to issue a VFM conclusion owing to outstanding objections for that year and the two preceding years (2016/17 and 2017/18). The objections to the 2016/17, 2017/18 and 2018/19 accounts are from the same elector. Matters in relation to 2016/17 and 2017/18 fall within the remit of KPMG who was appointed external auditor for those years. The objection in relation to 2018/19 will be reviewed by EY and it has indicated that it will await the result of KPMG's work before it formally commences its review. As a result of these objections the audit for these years cannot be formally concluded and an audit certificate issued.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 13th January 2021 with the approach on using reserves and other key financial matters reported to Executive on 10th February 2021. Forward financial planning and financial management is a key strength at Bromley. These reports continue to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2021/22. It is important to note that some caution is required in considering any projections for 2022/23 to 2024/25 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. The report on 13th January 2021 provided an update on the funding and costs of the Covid 19 pandemic and the estimated financial impact for 2021/22. The Covid 19 pandemic has created a higher level of uncertainty for the financial forecasting in future years, particularly with uncertain outcome of the 'new normal'.

[Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25](#)

[2021/22 Council Tax](#)

7. How do we know our arrangements are working?

7.1 The Role of Management

The senior officer forum is the Chief Officer's Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children Education and Families
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources and Customer Services

The purpose of the Chief Officer's Executive (COE) is:

- ▶ High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation
- ▶ Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and reviews the Council's Forward Plan on a regular basis to ensure smooth and timely decision making
- ▶ Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment
- ▶ Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT
- ▶ Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit & Assurance in its membership, oversees the Council's governance arrangements and delivery of the Annual Governance Statement.

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.

During 2020/21, the Corporate Risk Management Group met twice (September 2020 and January 2021), undertaking its usual programme of scrutiny. Although the meeting scheduled for April 2020 was postponed, the draft Annual Governance Statement for 2019/20 was circulated to all members of CRMG for comment.

Risk Registers remained live documents throughout the year, with the Risk Reporting cycle to the Corporate Leadership Team and Committee completed in full. Audit Sub Committee received the refreshed Corporate Risk Register and all Departmental Risk Registers at their meetings of July and November 2020. Executive, Resources and Contracts PDS received five Risk Information Briefings and each relevant PDS Committee had the opportunity to scrutinise the Departmental Risk Register falling within its remit.

The Standards Committee of 2nd March 2021 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the protocol for Co-opted Members, the LGA (Local Government Association) draft Code of Conduct consultation, Complaints, Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

[Monitoring Officer's General Report 2nd March 2021](#)

[Appendix 1 \(Work Programme\)](#)

[Appendix 2 \(Guidance to Co-opted Members\)](#)

The Council's Constitution requires that a report is made each year to full Council which summarises work carried out by Policy Development and Scrutiny (PDS) Committees. This report was considered by the Executive, Resources and Contracts PDS Committee on 24th March 2021 and Full Council on 19th April 2021.

[Policy, Development and Scrutiny Annual Report 2020/21](#)

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

7.2 The Role of the Audit Committee

The Council has appointed an Audit Sub-Committee which considers financial delegations, fraud prevention, internal and external audit. It is a sub-committee of the General Purposes and Licensing Committee and meets three times a year.

[Audit Sub Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit Sub-Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All Priority One recommendations from Internal Audit are tracked by the Committee until implemented.

7.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

	Policy/Process
A	Annual Audit Letter
	Annual Governance Statement
	Anti-Bribery Policy and Procedures
	Anti-Fraud and Corruption Strategy
	Anti-Money Laundering Policy
	Audit Sub Committee
B	Building a Better Bromley
C	Capital Strategy
	Code of Conduct for Members
	Complaints System
	Constitution
	Contract Procedure Rules/Standing Orders
	Corporate Induction Process
	Corporate Leadership Team
	Corporate Operating Principles
	Customer Access Channel Strategy
	Customer Services Charter
D	DISCUSS Appraisal Scheme
E	Executive and Resources PDS Committee Annual Report
F	Financial Regulations
	Financial Strategy
	Forward Plan of Key Decisions
G	'Getting it Right' – Complaints, Compliments and Suggestions
	Gifts and Hospitality Code of Conduct
H	Head of Audit
	Head of Paid Service
I	Internal and External Audit Reports
	Internal Audit Opinion and Annual Report
	Internal Controls
	IT Governance
L	Leader's Foreword and Statement of Accounts
	Learning and Development
	Local Development Framework
M	Member/Officer Protocol
	Monitoring Officer (Director of Corporate Services)
P	Portfolio Plans
	Public Consultations/Meetings
R	'Raising Concerns' whistle blowing
	Register of Interests
	Risk Management Strategy
S	Scheme of Delegation
	Section 151 Officer (Director of Finance)
	Statement of Accounts
T	Treasury Management Strategy

7.4 Annual Governance Assurance Statement

Each member of the COE is required to confirm that:

‘In meeting my responsibilities above, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council’s Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council’s assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ The monthly Cumulative Spend Report has been reviewed and agreed as part of the Full Budget Monitoring System
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed’.

7.5 External Inspections/Peer Reviews

The Council received the annual Local Government & Social Care Ombudsman letter for the year ending 31st March 2020, which summarised Ombudsman complaints/enquiries received, and the decisions made about, the London Borough of Bromley. With a commitment to an ethos of continuous improvement and using feedback from a variety of sources to learn, understand and take action to improve services; we continue to place our focus on the outcomes of complaints and what can be learned from them.

[Local Government and Social Care Ombudsman Annual Review Letter 2020 \(22nd July 2020\)](#)

7.6 The Role of Internal Audit

Internal Audit provides independent and objective assurance to the Council through its Audit Sub-Committee, to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council’s financial affairs, and is a key component of Corporate Governance within the Council.

An independent Internal Audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Sub-Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval. The latest updates to the Charter were approved by the Audit Sub Committee on the 9th March 2021.

7.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

The Head of Audit & Assurance is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control framework. Their Annual Report and Opinion has been considered and any significant issues incorporated as a result.

In view of the unprecedented impact of Covid 19 with Internal Audit Staff being seconded to Covid Work programmes and revisions to audit plans, the Annual assessment is based on the following:

- The Audit work undertaken including the assurance opinion ratings
- The follow up reviews determining how the authority responds to identified weaknesses and in particular Priority 1 recommendations
- Contributing advice and challenge to management to find new ways of working
- Providing real time assurance in respect of Covid 19 work programmes, including advice and guidance on establishing control systems
- Providing pre event and post event assurance on high risk and high spend Covid 19 work programmes
- The Council's approach to risk management
- Internal Audit's review of the supporting evidence for the Annual Governance Statement
- Assurance Statements from Directors
- Assurance Statements from Lead Officers for Second Line of Defence functions

The results of the above provide reasonable assurance that there is an adequate and effective framework of governance, risk management and a sound system of control within the Council designed to meet the organisation's objectives and that controls are applied consistently.

Where weaknesses are identified, i.e. Limited Assurance reports and Priority 1 recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged. The Head of Internal Audit's Annual report (Audit Sub Committee June 2021) provides details of exceptions and provides further context. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

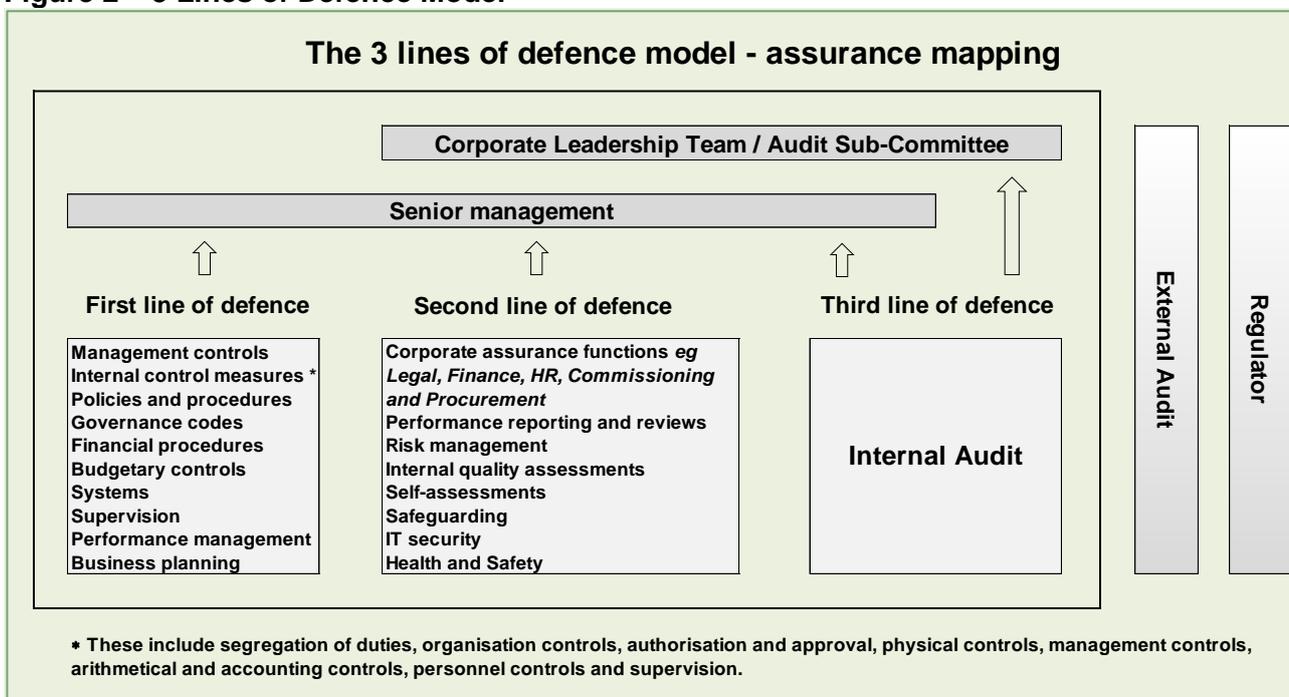
8. Our Strategic Risks

The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance. Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation.

- ▶ First line – operational management controls
- ▶ Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ▶ Third line – independent assurance

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Sub-Committee on how effectively the first and second lines of defence have been operating.

Figure 2 – 3 Lines of Defence Model



Risk management is an important element of the system of internal control at Bromley Council. It is based on a process designed to identify, prioritise and control the risks to achieving Bromley's policies, aims and objectives.

The Corporate Risk Register is a key document in the Council's approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the 'Building a Better Bromley' vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officers assume the lead role for Strategic Risks affecting their own service areas with the Corporate Risk Register reviewed at least annually. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council's approach to risk management, and ensures that effective risk management processes are fully embedded.

The published Corporate Risk Register can be viewed via following the link

[Corporate Risk Register](#)

9. Looking Back on 2019/20

Governance Issue	Action	Progress
<p>Finance</p> <p>A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with prudent financial management, but there remains a “budget gap” of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the Covid 19 Pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council’s financial forecast projections.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24</p>	<p>The Council contained overall spend within the 2019/20 Budget as well as delivered significant investment resources available for future housing schemes through the Housing Investment Fund Reserve.</p> <p>Robust financial management, whilst ensuring effective service delivery approach, has continued to ensure overall costs are contained within the overall budget. This approach also helps reduce the future years cost pressures.</p> <p>The Council continues to have challenges with low government funding levels but remains ‘better placed’ than many other authorities due to its approach to managing resources effectively.</p>
<p>Valuation of Fixed Assets</p> <p>Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council’s 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council’s assets.</p>	<p>The agreed sample of assets for the 19/20 Valuation was undertaken by a new external valuation team – meeting the valuation deadline for 31 March 2020. Valuation methodology has been shared with the external auditors. Recommendations as to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations have been made as part of the Transforming Property to a Corporate Landlord proposals which will see the Council recruiting a Registered Valuer, agreeing methodology statements and enhancing its data sets and source data/record keeping for Asset Valuations during 2020.</p>	<p>The Council has appointed a Registered Valuer to the position of Head of Assets and Investment Management as part of its Transforming Property Programme. In July, the Leader acting as Executive Decision Maker, agreed to the recommendation to allocate an annual budget for future external valuers to undertake the Council’s annual statutory valuations. The 2020/21 sample of assets will be undertaken by the same external team who undertook the 19/20 valuation work. Work is currently underway to provide a new Property Data base for the Council and to market test future statutory valuation works for 2021/22 onwards.</p>

Impact of COVID-19 pandemic on service delivery

The Covid-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society.

This pandemic is causing a significant impact on Local Government and the Council has had to adapt to this changing landscape.

There are risks to service delivery; from for example an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services.

In common with many organisations the Council has shifted to employees working from home and adopted new operating models to continue business.

It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m Million by 2023/24.

The Government has provided additional grant funding. To aid cash flow, the Government made up front payments of grants, including pre-COVID-19 business rates relief compensation and support grant. The Government announced that councils would also be allowed to defer business rates central share payments due to the Government over the next three months and social care grants would all be paid in April 2020 rather than monthly in April, May and June.

The Council is doing remarkable work to address the challenges brought by COVID-19.

Strategic and Tactical Coordination Groups have been established to mitigate the impact on the Council's services:

- Meeting and reporting structures are in place
- Decision making processes have been streamlined
- Action has been taken to mitigate surge in identified critical services
- Effective partnership working has taken place to collectively mitigate risks
- Overarching command and control structure for London Local authorities are in place
- Effective communications strategy and delivery are in place
- Mutual aid agreement is in place across the South East Boroughs
- Adoption of financial relief measures offered by Government
- HR processes refined and in place to support

The Council will development and implement a recovery strategy

Bromley's response to the impact of COVID-19 has been mobilised through the hard work and commitment of elected Members, residents, local businesses, partner organisations, local voluntary and community groups, and officers across the Council. These key groups have come together to support the most vulnerable and at risk people in our communities during these unprecedented times, while keeping business-as-usual services running and ensuring a balanced budget for 2021/22 through the Transformation Programme.

In Bromley, the Council's governance arrangements for the COVID-19 strategic response programme have been as follows:

- The Leader of the Council is the strategic sponsor and lead for the Council's response
- The Chief Executive maintains operational leadership on a daily basis
- Executive Portfolio Holder for Care and Health maintains leadership at the political level with the Deputy Leader and the Executive acting as critical friends.

The weekly COVID-19 strategic group is chaired by the Chief Executive and is attended by all Directors, as well as a number of key senior officers. The purpose of this group has been to oversee the strategic response to the crisis, ensure continued service provision in all key areas across the Council and to oversee the delivery of the communications plan for Members, staff and residents.

Some of the key achievements of our COVID-19 response programmes include:

- Providing support for over 20,000 residents during the pandemic who were identified as 'clinically extremely vulnerable'.

- Registering over 4500 residents as volunteers and matching over a thousand of them with residents to assist with day-to-day tasks, including shopping, collecting prescriptions and dog-walking
- Distributed and managed a number of grants in excess of £200m including the COVID-19 Grant, Infection Control Grant and Emergency Assistance Grant.
- Developing a local Test and Trace team to support the national NHS scheme. We consistently achieved an 88% success rate for reaching patients to obtain their contacts and offer support with self-isolation
- 24,000 Lateral Flow Tests (LFTs) in our 2 Centres (Civic and Kentwood)
- Almost 18,000 vaccines delivered through the Bromley Civic Centre Mass Vaccination Site in its first month of operation (March 2021).
- Modelling hospital discharge pathways to manage pressure on adult social care capacity, which has been shared nationally as a beacon of good practice.
- Procuring and delivering over one million items of PPE.
- Providing testing to all providers of residential and nursing care, domiciliary care and testing for residents.
- Introduced new discharge arrangements with Bromley Healthcare and the CCG by setting up a Single Point of Access (SPA) system to ensure swift and timely hospital discharges and keep hospital beds free
- Displayed COVID-19 social distancing signage in parks, green spaces and local high streets
- Accommodated 92 people who were identified as sleeping rough or at risk of rough sleeping during the government's 'Everyone In' initiative.
- Supporting schools to remain open for those children and young people who have a

		<p>named social worker or are the children of key workers</p> <ul style="list-style-type: none"> • Enabled multi-agency teams to be put around every school in the borough through the Council's 'Trailblazer' status to ensure that a full range of mental health and wellbeing services is accessible to children and young people. • An overarching recovery plan for the Council has been drafted, with local departmental recovery plans owned by each member of the Chief Officers' Executive Group. <p>The Council has managed to deliver a balanced budget for 2021/22. The 2021/22 Draft budget includes transformation savings of £3.6m and mitigation savings (to offset growth/cost pressures) of £12.7m – a total of £16.3m that needs to be delivered in 2021/22 towards balancing the budget.</p>
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To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issue defined on pages 3 and 4 to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Signed

Chief Executive

Leader of the Council

Date

Date

Appendix 1 – Links to Documents

Page 2	Building a Better Bromley
http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley	
Page 3	Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25
https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf	
Page 11	Adult Care and Health Portfolio Plan 2018-22 - 2020/21 Refresh
https://cds.bromley.gov.uk/documents/s50083488/ACH20-044%20APPENDIX%201%202020%2009%2029%20Adult%20Care%20and%20Health%20Portfolio%20Plan%202020-21.pdf	
Page 11	Children, Education and Families Portfolio Plan 2020/21
https://cds.bromley.gov.uk/documents/s50084372/CEF20027%20CEF%20Portfolio%20Plan%202020-21%20-Q2%20update.pdf	
Page 11	Housing, Regeneration and Planning Portfolio Plan
https://cds.bromley.gov.uk/documents/s50084242/Housing%20Planning%20and%20Regeneration%20Portfolio%20Plan%202020-21.pdf	
Page 11	Environment and Community Services Portfolio Plan
https://www.bromley.gov.uk/downloads/file/547/environment_and_community_services_portfolio_plan	
Page 11	Public Protection and Enforcement Portfolio Plan
https://www.bromley.gov.uk/downloads/file/548/public_protection_and_enforcement_portfolio_plan	
Page 12	Adult, Care and Health Portfolio Plan 2018-2022 Update - 2020/21 Refresh and Quarter Three Update Covering Report (March 2021)

https://cds.bromley.gov.uk/documents/s50087009/ACH21-007%20ACH%20Portfolio%20Plan%202020-21%20Q3%20update%20ACH%20PDS%2017.03.21.pdf	
Page 12	Adult Care and Health Portfolio Plan 2020/21 - Quarter Three Update (March 2021)
https://cds.bromley.gov.uk/documents/s50087010/ACH21-007%20APPENDIX%201%202020-21%20ACH%20Portfolio%20Plan%20Q3%20Update%20ACH%20PDS%2017.03.21.pdf	
Page 12	Children, Education and Families Portfolio Plan 2018-22 - Quarter Three Update Covering Report (March 2021)
https://cds.bromley.gov.uk/documents/s50086779/CEF21009%20CEF%20Portfolio%20Plan%202020-21%20Q3%20update%20report.pdf	
Page 12	Children, Education and Families Portfolio Plan 2020/21 - Quarter Three Update (March 2021)
https://cds.bromley.gov.uk/documents/s50086778/CEF21009%20CEF%20Portfolio%20Plan%202020-21%20-%20Q3%20update.pdf	
Page 12	Housing, Planning and Regeneration Portfolio Plan 2020/21 Quarter Three Update Covering Report (March 2021)
https://cds.bromley.gov.uk/documents/s50088343/2021%2003%2030%20HPR%20Portfolio%20Plan%20Q3%20update.pdf	
Page 12	Housing, Planning and Regeneration Portfolio Plan 2020/21 - Quarter Three Update (March 2021)
https://cds.bromley.gov.uk/documents/s50088344/2020-21%20HPR%20Portfolio%20Plan%20Q3%20Updatefinal.pdf	
Page 12	Environment and Community Services Performance Overview (March 2021)
https://cds.bromley.gov.uk/documents/s50086994/21.03%20ECS%20Performance%20Overview%20vFINALRELEASED%20SW.pdf	
Page 12	Public Protection and Enforcement Performance Overview (March 2021)
https://cds.bromley.gov.uk/documents/s50086932/PPE%20Performance%20Overview.pdf	

Page 13	Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25
https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf	
Page 13	2021/22 Council Tax
https://cds.bromley.gov.uk/documents/s50085962/Exec%20100221%20Council%20Tax%20Report.pdf	
Page 14	Monitoring Officer's General Report 2nd March 2021
https://cds.bromley.gov.uk/documents/s50086645/MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 14	Appendix 1 (Work Programme)
https://cds.bromley.gov.uk/documents/s50086646/MONITORING%20OFFICERS%20GENERAL%20REPORT%20APPENDIX%201.pdf	
Page 14	Appendix 2 (Guidance to Co-opted Members)
https://cds.bromley.gov.uk/documents/s50086647/MONITORING%20OFFICERS%20GENERAL%20REPORT%20APPENDIX%202.pdf	
Page 15	Policy, Development and Scrutiny Annual Report 2020/21
https://www.lgo.org.uk/documents/councilperformance/2020/london%20borough%20of%20bromley.pdf	
Page 15	Audit Sub Committee Meetings (Agendas, Papers, Minutes)
http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0	
Page 17	Local Government and Social Care Ombudsman Annual Review Letter 2020 (22nd July 2020)
https://cds.bromley.gov.uk/documents/s50087144/Annual%20Scrutiny%20Report%202020-21.pdf	
Page 19	Corporate Risk Register
https://cds.bromley.gov.uk/documents/s50064510/Appendix%20A2%20-%20Corporate%20Risk%20Register.pdf?CT=2	

<https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf>